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NOVEMBER 1986
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BACK ON THE FAST TRACK AGAIN

For sales executives, the heftiest one-year compensation gain since 1985

SALES MANAGEMENT

DEMOGRAPHICS

SUPPLEMENT:

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JEANNE LONG
S R I ACQUISITIONS EDITOR
CONGRESSIONAL INFORMATION SVS
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814 3389

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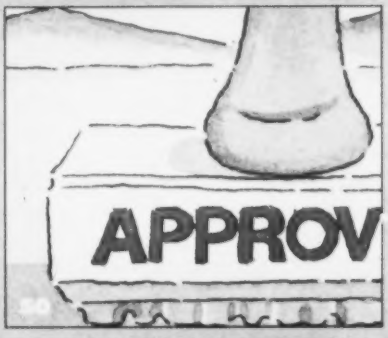

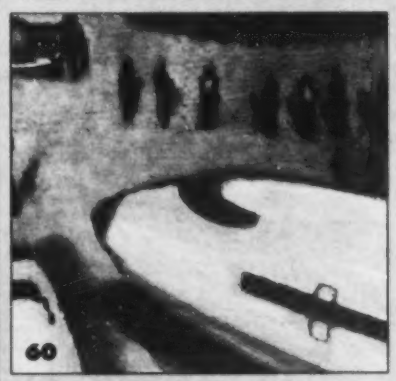
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EDITOR'S SIDE POCKET

HOW MUCH ARE YOU WORTH?

As regular readers know, every year at this time we publish the results of a survey of compensation trends among sales and marketing executives. Invariably, the trends are up. The only question is how much. While we discuss the whys and wherefores, we ignore one issue that was brought home to me by a reader: "You never ask the ultimate question," she said. "How much is a sales or marketing executive *worth*?"

Of course, we don't. Ultimate questions are unanswerable, at least by mere journalists. Which is not to say the question isn't intriguing. Some years ago, when I was editor of a socioeconomic magazine for physicians, I remember receiving letters from surgeons (certainly not one of the least remunerative of specialties) complaining they were grossly underpaid when compared to basketball players and rock stars. Meanwhile, GPs, internists, psychiatrists, and others of the "poorer" specialties waxed indignant about the disparity between their income and that of the men who cut for a living.

In a rough sense, there is a correlation between medicine and sales and marketing, in that the men and women with the biggest reputations at the best-known institutions/corporations make the most money, and the "cutters" (executives with sales in their titles) usually make the most of all. Do they deserve it—or, rather, should I say, is the disparity between incomes justifiable? On what grounds—size of company, nature of product, complexity of marketplace? How is one to compare the dollar value of sales to marketing? Why should a sales executive's compensation have a greater "at risk" portion than a marketing executive's?

Let's get down to a few cases. Barry Shier, executive vice president of marketing and hotel operations for Golden Nugget, Inc., earned $165,000 more last year than he did in 1987 (overall, he made $465,000 in 1988), even though his hotel/casino operation's income plummeted by 106% from its 1987 level. On the other hand, W. Roger Curry, senior vice president of marketing at Consolidated Freightways, saw sales at his firm climb by $392 million in 1988, but Mr. Curry walked away with only $48 more than he did the previous year. That's right, from $242,100 to $242,148. And Bryan A. Hayes, vice president of sales and marketing for Winnebago Industries, saw his compensation fall in 1988, from $155,071 to $121,779. His company lost money in both 1987 and 1988.

How much correlation is there between these numbers and performance? Without knowing a great deal more about each executive, his company, his industry, and the problems he faced, we wouldn't presume to speculate. Nor would I encourage you to. Instead, use the survey results to get a *sense* of what's happening in compensation in your area. Examine our list of 100 sales and marketing executives to get a *rough* idea of what your colleagues are making in situations analogous to yours. But, especially in the presence of all these big numbers, don't forget that there's more to it than money. Is there any dollar value that can be placed on a job that actually makes you look forward to work each day? Or on a boss who gives you as much responsibility as you'll take? And is there any formula to rate the market value of a community that's a great place to raise kids?

If you ask me, no, no, and no.

SALES & MARKETING MANAGEMENT

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PUBLISHER: Howard M. Neibart
ASSOCIATE PUBLISHER: A.J. Vogl

PRODUCTION MANAGER: Joann De Palma
ADVERTISING PRODUCTION MANAGER: Judy S. Brown
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ABP

BACK ON THE FAST TRACK AGAIN

Sales executives earn big gains, but looming ahead: a "corrugated" economy.

BY WILLIAM KEENAN JR., SENIOR EDITOR

Pay increases for sales and marketing executives are looking up again in 1989, as the effects of the 1987 stock market crash recede further into memory.

Total pay increases for sales and marketing executives jumped to 10.9%, according to a national survey of sales and marketing executive compensation prepared for *Sales & Marketing Management* by Sibson & Co. That's significantly better than the 9.5% rate of increase experienced in 1988 and represents the largest one-year gain for sales and marketing executives since 1985. That 10.9% increase also looks good when compared to a 9.5% pay gain for top executives overall, and to increases for middle-to-upper level managers in general.

A strong stock market recovery through 1988 (leading to new record highs by third quarter 1989) probably had the most conspicuous effect on compensation rates tracked by this year's survey, which included 216 participants representing companies with sales volumes ranging from $35 million to $30 billion. An increasingly larger portion of the sales and marketing executive's total compensation has been in the form of bonuses and incentives, and an increasingly larger portion of those bonuses are predicated on a company's "market value"—i.e., how a company's shares are valued on the stock market relative to the number of shares outstanding. (A company with 1 million shares outstanding and selling at $24.50 per share, for instance, would have a market value of $24.5 million.) Total compensation grew at a 22% faster rate for sales and marketing executives from

Up Close

Robert A. Bardagy
Executive Vice President/President of Sales
Comdisco Inc.
$1,400,000

BACKGROUND: General Electric Co. (1961-1964); IBM Corp. (1965-1969); Randolph Computer Corp. (1969-1977); Comdisco (1978-present).

EDUCATION: BS (Management Engineering), Rensselaer Polytechnic Institute.

WHAT ATTRACTED YOU TO SALES AND MARKETING? "It's something I've done from the day I got out of college. Sales and marketing has always been the ultimate challenge, especially in technical fields. It's a matter of applying my technical knowledge to sales and marketing instead of to an engineering career."

THE TOUGHEST PART OF THE JOB? "First is to offer a constantly motivating environment for sales personnel. Second, since Comdisco is a leasing company and not a manufacturer, we need to continually look for new profit opportunities."

BEST ADVICE: "You'll be a better sales executive if you never lose sight of the fact that sales should be a challenge. Hire the best people you possibly can and let them do their own thing. Don't try to over manage."

GAMMA-LIAISON/ROARK JOHNSON

Robert A. Bardagy/Comdisco

1988 to 1989 than did base salaries—pushing ever higher the variable or leveraged portion of executive pay.

Market value, in fact, probably played as big a part in this year's gains as it did in the depressed results for sales and marketing executives in 1988, says Mark Blessington, Sibson's national practice leader for sales compensation. "Market value for the Forbes 500 companies gained at a rate of 8.7% this year. In 1987, that index was *down* by 0.5%." Sales and profits—which also figure prominently in the "at risk" portion of executive pay—also looked good for most companies in 1988.

Blessington expects market value to continue to be a useful indicator of executive pay trends, particularly for sales and marketing executives, whose percentage of pay at risk is growing at a faster rate than it is for most other executives, and whose bonuses are more directly tied to stock performance than those of other executives.

Among those performance factors that Blessington sees linked to market value are gross sales net of discounts or net of promotion expense and advertising. Other factors are new product success rates and improved profit margins for products and services with greater "perceived" value. Sales executives, in particular, have a stake in demonstrating how their efforts impact these performance measures.

The effect of market value on compensation rates of other executives seems to lag about a year behind that of sales and marketing executives, says Blessington, a fact that's illustrated in the dip in fortunes for all executives, as seen in Table 3. Other factors remaining stable, that would mean other top executives should enjoy bigger pay increases than sales and marketing executives in 1990 in response to financial gains realized in 1988.

TURNABOUT FOR SALES EXECUTIVES

"The biggest story in this year's compensation results," says Blessington, "is the gain made by sales executives in respect to their marketing counterparts." The percentage increase in total compensation for top sales executives (as opposed to those with marketing or sales *and* marketing titles) was 12.9%—more than the

Up Close

Jon C. Logue
Executive Vice President, Sales and Marketing
Salem Carpet Mills Inc.
$234,772

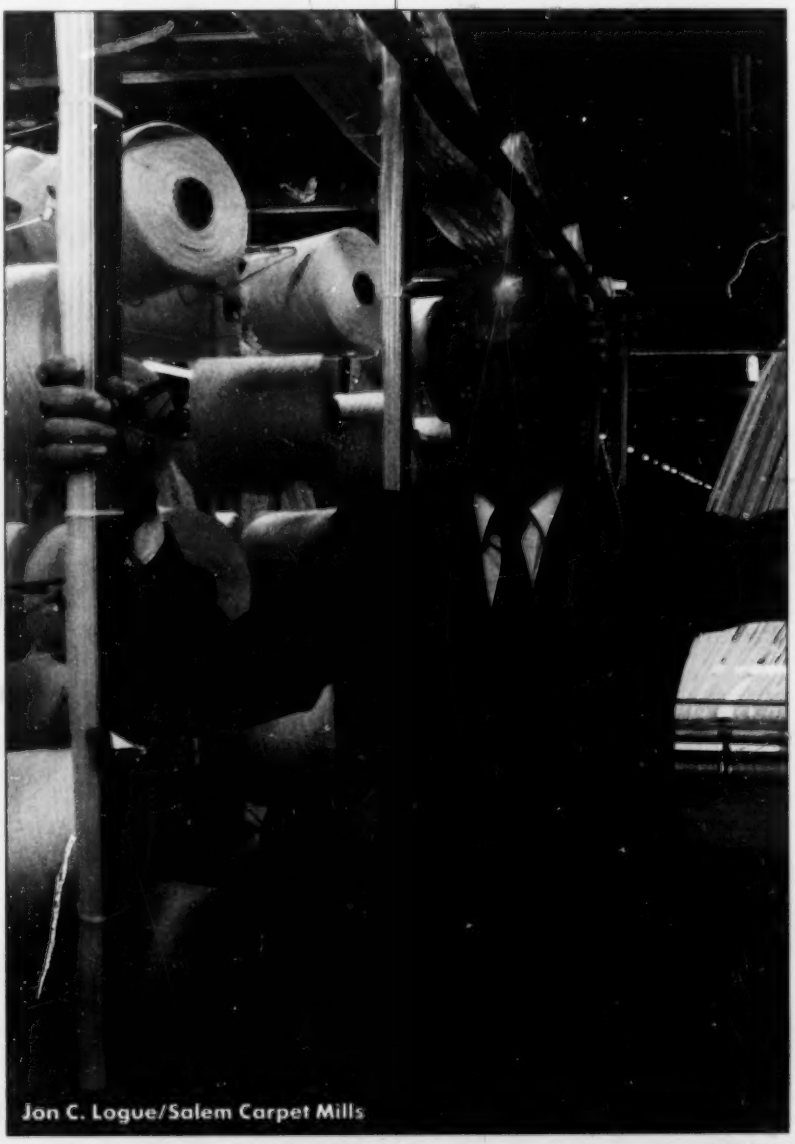
BACKGROUND: Allied Corp. (1970-1972; 1977-1983); Rohm and Haas (1972-1977); Salem Carpet (1983-present).

EDUCATION: BA (Textile Chemistry), North Carolina State Univ.; MS (Business), Virginia Commonwealth Univ.

WHAT ATTRACTED YOU TO SALES AND MARKETING? "I had a technical background and spent most of my career with customers in technical service. I came to Salem as head of product development. In 1985 they needed marketing, and two years ago they asked, 'How about sales, too?' It just evolved—and I love it."

THE TOUGHEST PART OF THE JOB? "Relating our capabilities to what's needed in the field. I spend a lot of time with production, marrying needs of customers with our capabilities. Also, salespeople deal with a lot of no's—so they need new products and tools to keep them motivated and selling."

BEST ADVICE: "Work hard—parts of our culture need to relearn work ethics. Listen—keep your antennae up to find out customers' needs. And be honest—it goes a long way."



Jon C. Logue/Salem Carpet Mills

GAMMA-LIAISON/ALAN WEINER

Patrick W. Rooney/Cooper Tire & Rubber

GAMMA-LIAISON/DAWSON JONES

Up Close

Patrick W. Rooney
Vice President, Marketing
Cooper Tire & Rubber Co.
$229,428

BACKGROUND: Cooper Tire & Rubber Co. (1956-present).

EDUCATION: BS (Marketing), Findlay College. Harvard Advanced Management Program.

WHAT ATTRACTED YOU TO SALES AND MARKETING? "It was a matter of convenience. I started at Cooper Tire in sales training while I was still in college. After college, I became a marketing assistant, and it evolved from there."

THE TOUGHEST PART OF THE JOB? "Managing people. Everybody is different, and what motivates one person doesn't necessarily motivate another. You must manage each person individually to get the best performance."

BEST ADVICE: "Plan properly to handle territory. You have to work hard and have good planning to sell yourself and sell your product."

11.5% gain for the typical CEO, and second by only a fraction of a percentage point to the 13% gain registered by top manufacturing executives.

Top marketing executives, by contrast, saw only an 8.4% gain in total compensation. That reverses a long trend in which marketing executives enjoyed gains in total compensation that threatened to put a significant gap between pay levels for marketing vs. sales executives. "That gap has closed," Blessington says, "but it still hasn't been wiped out."

It's too soon to tell, Blessington suggests, whether this represents a long-term change in relative pay—and relative value—of these two executive positions. We'll have to wait for next year's results to determine that. The

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Up Close

Theodore W. Atkins
Executive Vice President,
Marketing and Sales
Baldor Electric Co.
$139,609

BACKGROUND: Douglas Aircraft (1956-1958); Western Engineering (1959-1968); R.S. Boreham Co. (1968-1986); Baldor (1986-present).

EDUCATION: ME (Mechanical Engineering), UCLA.

WHAT ATTRACTED YOU TO SALES AND MARKETING? "I moved from engineering to purchasing and then to sales because I found dealing with people to be much more interesting than being at the drafting table. I still use my engineering background almost every day to help guide our engineering department to focus more on customers."

THE TOUGHEST PART OF THE JOB? "Finding the time to do all the things that need to be done—in particular, looking at customers' engineering-related problems, discovering the causes, and looking for ways we can solve them."

BEST ADVICE: "Get a minimum of five to ten years of field sales experience before going into sales management or marketing. If you haven't spent time in the front line with the customer, you won't have the instincts to know what they are thinking, to watch them grow and change the direction of their companies, and to change the direction of your own company in response."

GAMMA-LIAISON/ROBERT MERCER

Theodore W. Atkins/Baldor Electric

most conspicuous reason for the bigger gains for sales executives for this survey year is that a much larger portion of their total compensation is leveraged—19% compared to 12% for the typical top marketing executive. Big gains in the "at risk" portion of sales executives' pay thus had much more of an impact on their overall compensation rates. Base compensation rates for the two executive positions are still pretty close.

Formulas for computing compensation for the two positions probably differ slightly at most companies as well, adding to the effect. "There's a tendency for marketing compensation to be based more on corporate measures," Blessington says, "and they're often bonused on corporate numbers that may go beyond their immediate area of responsibility, such as for sister divisions." Sales executives may also be doing a better job of convincing companies that their efforts impact the bottom line.

Over the long term, as demonstrated in Table 6, the trend still favors the top marketing executive—whose total pay gains from 1984 to 1989 mirrored those of executives as a whole. In contrast, pay for the typical top sales executive came to only 93% of that for all executives for the same period. Only the CFO has fared more poorly over the last five years in the rate of compensation growth.

BLACK CLOUD ON THE HORIZON

Blessington expects companies to be a little more cautious overall when it comes to executive compensation over the next few years. "I don't see anything like the 12.5% gains posted by sales and marketing executives in 1985 being repeated," he says. "Those numbers reflected post-1982 recession gains built up through 1984 and 1985. It's really a question of how the economy will move, and I don't see anything running away like that again in the near future."

If anything, Blessington says, the debt situation for many companies will have a dampening effect on executive compensation. Massive restructurings, leveraged buyouts, and megamergers are leaving more companies saddled with a debt burden that is bound to put downward pressure on compensation, particularly base compensation—a development that could hurt marketing executives more than those in sales because of the difference in their total pay that is at risk. "While the merger trend is slowing, many companies are much more highly leveraged now than before, and some companies will have problems

TABLE 1

Total Compensation Gains 1984-'89

TOP SALES & MARKETING EXECUTIVES

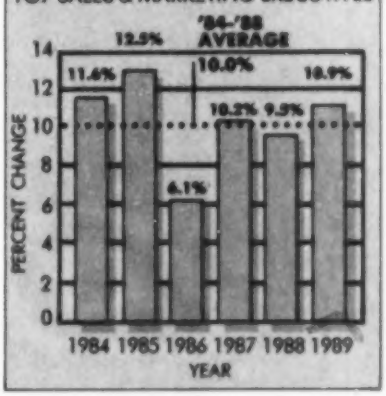


TABLE 2

Change in Total Compensation 1988-'89

PERCENT CHANGE IN TOTAL COMPENSATION

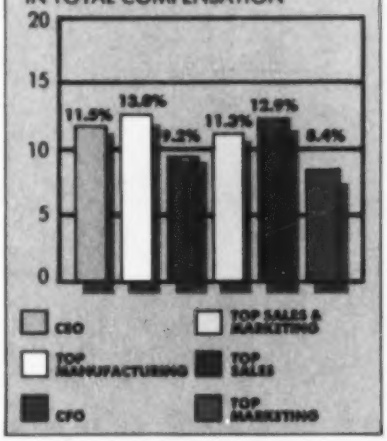
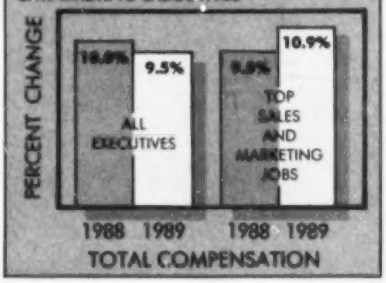


TABLE 3

1988 and 1989 Increase in Total Compensation

ALL EXECUTIVES VS. TOP SALES & MARKETING EXECUTIVES



SOURCE: Sibson & Co.

TABLE 4

1989 Base Salary by Company Size

BASE SALARY ($000)

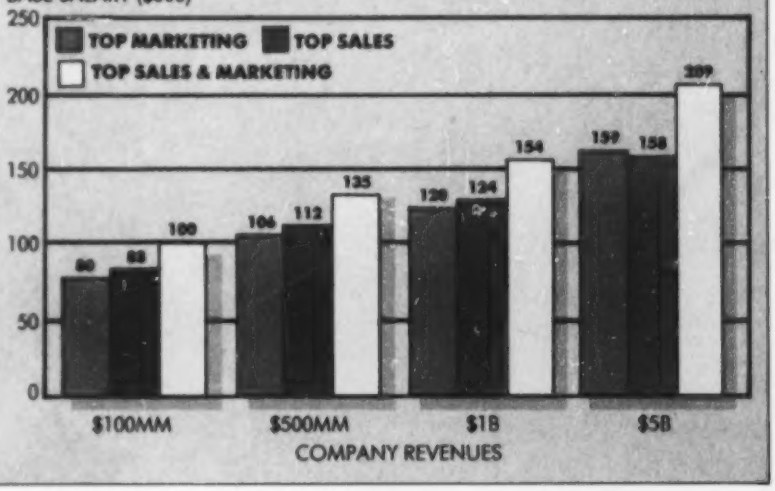


TABLE 5

1989 Total Compensation by Company Size

TOTAL COMPENSATION ($000)

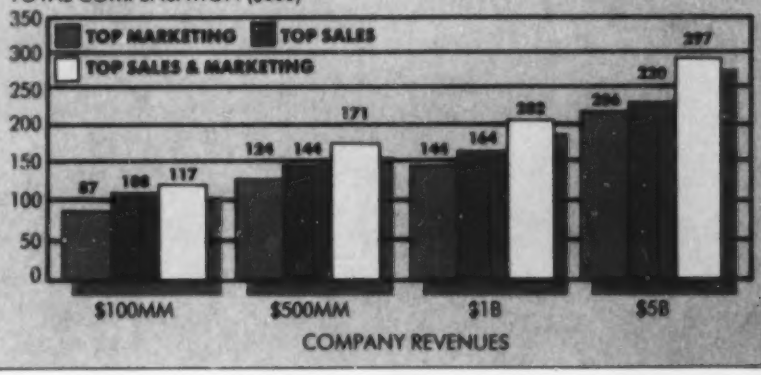
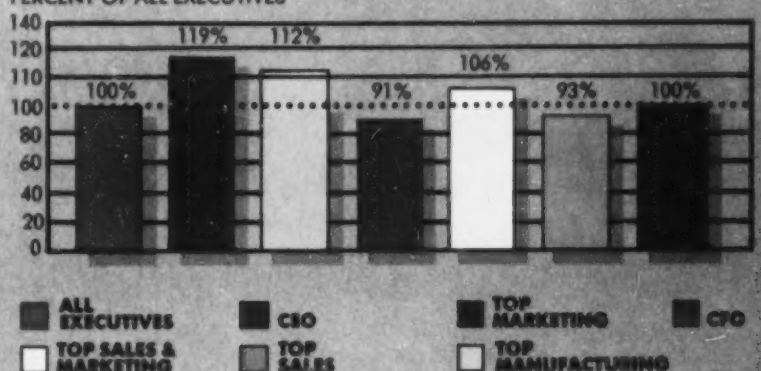


TABLE 6

Total Compensation Increases from 1984-'89

PERCENT OF ALL EXECUTIVES



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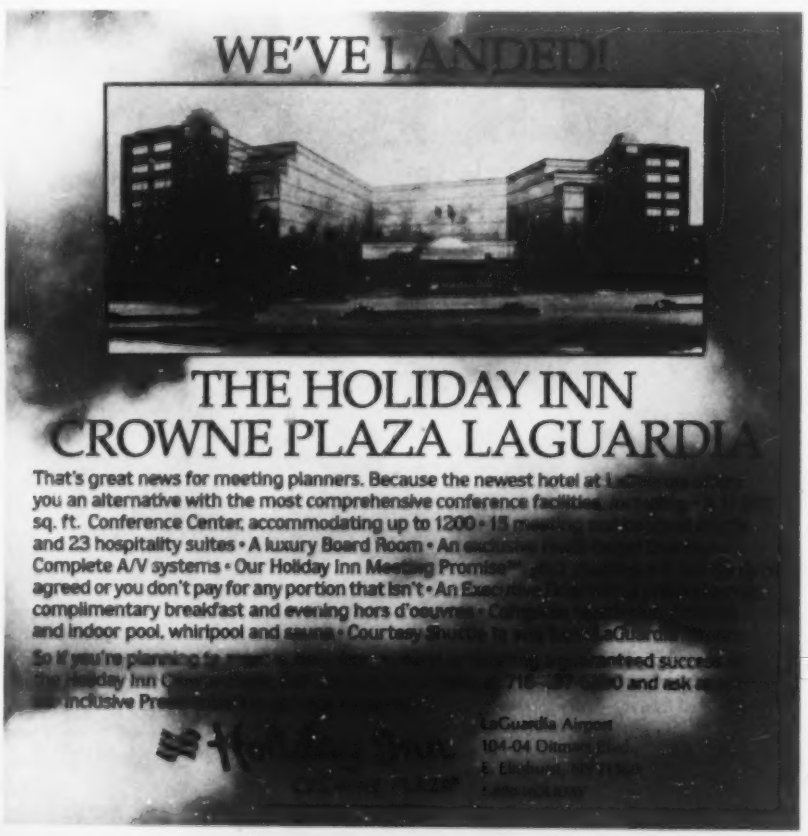
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handling that debt," Blessington warns.

Food companies in particular are becoming paranoid, first about becoming acquired and second about servicing their debt once they've been acquired. "Their increases have been lower than average," says Blessington. Consumer product companies in general, he adds, have done a little better and show increases that are "less below average than food companies." Companies making electrical components and motors for the electrical power distribution industry also seem to be offering below-average increases to sales and marketing executives.

On the plus side, competition among computer and software companies for sales and marketing talent has tended to keep increases in those industries a notch or two above average. Sales and marketing executives in the printing industry have also done better than the national average.

A VARIABLE PAY PLATEAU?

Base salaries for sales and marketing executives remained relatively flat from 1988 to 1989, with some groups, in fact, suffering declines. Median base salary for a top sales and marketing executive for a $100 million company remained at about $100,000. Faring only slightly better, the base salary for the same position at a $5 billion company moved from $197,000 to $209,000, a change of only about 6%. For the same period, base salary for a strictly *sales* position at a $5 billion company fell from $159,490 to $158,000.

Concern over the debt picture and increased cautiousness over executive salaries in general is already evident in the slow rate of change in base salaries. That sluggish growth also points up the growing importance of variable or "at risk" pay in the compensation picture. As long as this cloudy economic picture remains current, executives' big gains will come in the form of bonuses and incentives tied to company performance.

While some analysts suggest that at risk pay for sales and marketing executives will settle in at about 20% to 25%, that estimate seems low considering the performance pressures confronting many companies—in particular those facing a towering debt load. The median percentage of pay at risk for a top sales executive according to the Sibson survey is 19%; for a top marketing executive, 12%; and for a top sales and marketing executive, 22%. Those percentages are actually far behind the pay at risk for most other members of the executive team. The typical CEO,

continued on page 48

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Charles P. Harris/Diebold

GAMMA-LIAISON/JANET CENTURY

Up Close

Charles P. Harris
Vice President, U.S. Sales Group
Diebold Inc.
$126,612

BACKGROUND: Brockway Glass Co. (1970-1973); Diebold (1973-present).

EDUCATION: BS (Political Science), Indiana University of Pennsylvania; masters studies (American Political History), Indiana University of Pennsylvania.

WHAT ATTRACTED YOU TO SALES AND MARKETING? "I made a career decision that I would much rather make a mark in sales and marketing than in law. I enjoy the competitiveness of selling, and I appreciate the quantifiable measurement of sales performance, with income, peer recognition, and personal satisfaction tied to that measurement. And I've always enjoyed developing a sales strategy in a very competitive environment."

THE TOUGHEST PART OF THE JOB? "Motivating people to a performance level that is equal to their highest ability. And becoming skilled at providing accurate and informative communications throughout an entire sales force."

BEST ADVICE: "It's important to lead by example—by pulling rather than pushing. It's also important for young sales executives to learn to feel a vicarious sense of accomplishment in the success of subordinates, particularly if they've come out of sales themselves and are used to being in the limelight."

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Our Salary Sampler

We can't put the memory of the 1987 stock market crash behind us entirely. This year's sampler (see pages 46-47) of compensation figures for 100 sales and marketing executives—figures obtained from annual reports and proxy statements filed for 1988—provides all too clear a reminder. While the Sibson & Co. survey of executive compensation for 1988-1989 saw sales and marketing executives earning pay gains of 10.9%—the highest since 1985—the average change for the 60 executives in our sampler who are repeats from last year was considerably lower—only +9.5%.

The numbers in *Sales & Marketing Management*'s sampler represent income reported for 1988, of course, and that takes us closer to the October 1987 crash than does the Sibson survey. In addition, the Sibson survey reports only on annual cash compensation—i.e., base salary, commissions, and bonuses. The pay totals reported in our sampler include all salaries, fees, bonuses, commissions, deferred compensation, and gains realized from long-term compensation vehicles, including stock options. In particular, stock options redeemed in 1988 would have suffered from the effects of the crash.

Keep in mind, also, that the names on our list are drawn from public companies and the executives listed are all among the five highest-paid people at their companies. As a result, their compensation levels may not be representative of executives with similar titles at similarly sized companies.

Retirements, terminations, job and title changes, and other factors contributed to the 40% turnover from last year's list to this. This turnover, more than the average change registered by the 60 executives whose names reappear on the S&MM sampler this year, explains the increase in the average compensation for the group overall from $210,247 to $261,048 (a 24% jump). Here's the average total pay of companies on our list broken down by company size:

REVENUES	AVG. COMPENSATION
$1 billion and more	$387,847
$500 million to $1 billion	237,406
$100 million to $500 million	202,658
Less than $100 million	164,641

Topping the list this year—with earnings of $1.4 million—is Robert A. Bardagy of Comdisco Inc., a computer leasing company. It should be noted, however, that the major portion of that total, some $1.2 million, came in the form of bonuses and commissions, meaning that his base salary for 1988 amounted to only 14.3% of total compensation. Bardagy also heads the list of six computer industry executives among the top 10 earners in our sampler, underscoring the salary competition for sales and marketing executives in that industry.

Five of the top 10 earners are making encore appearances on our list, and all of them experienced total compensation gains. The biggest gainer among the top 10 was Michael H. Spindler of Apple Computer, whose total compensation increased by 67% from 1987 to 1988 while his company's net income grew by 84%.

The big winner on the list overall was G. Basil Davies of Copperweld, whose income advanced by 88.9%. Copperweld, for the same period, experienced a net income gain of 110%. The average gain, however, was a much more modest 16.9%.

Gainers far outnumbered losers on our sampler. Of the 60 individuals repeating from last year to this, only 12—or 20%—saw their income take a tumble (compared to 24% last year); the average decline was 14.5%. The unfortunate distinction of having the biggest drop in earnings, at 42.3%, belongs to Thomas C. Parise of Inter Tel, a telephone equipment manufacturing firm that also saw its net income drop by 22%.

If nothing else, these figures might suggest that perhaps there's something to this pay-for-performance business, after all.

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NAME & TITLE	COMPANY/INDUSTRY	'88 SALES (MIL.)	'88 NET (MIL.)	% CHANGE (87-88) PROFIT	COMPENSATION
Robert A. Bardagy, exec. v.p./pres., mktg.	Comdisco, *computers*	$1,309	$ 17	(82%)	**$1,400,000**
Michael H. Spindler, sr. v.p., sales & mktg.	Apple Computer, *computers*	4,071	400	84	**792,000**
C. Fred Rice, sr. exec. v.p., mktg. & real estate	I.C.H. Corp., *insurance*	2,885	43	(41)	**700,476**
Michael S. Swavely, v.p., sales & mktg.	Compaq Computer Corp., *computers*	2,066	255	87	**600,000**
Cathleen P. Black, exec. v.p., mktg./pub., *USA Today*	Gannett Company, Inc., *communications*	3,314	364	14	**585,000**
John J. Shields, sr. v.p., sales & svcs.	Digital Equipment Corp., *computers*	11,475	1,306	15	**525,810**
John F. Smith, sr. v.p., eng., mfg. & prod. mktg.	Digital Equipment Corp., *computers*	11,475	1,306	15	**519,605**
Norman A. Myers, vice chmn./chief mktg. officer & dir.	Browning-Ferris Industries, Inc., *waste disposal*	2,067	227	32	**502,700**
Wayland R. Hicks, exec. v.p., mktg. & cust. oper.	Xerox Corp., *office equipment*	16,441	388	(33)	**500,588**
James E. Hennessy, exec. v.p., mktg & tech.	Nynex, *telecommunications*	12,661	1,315	3	**468,300**
Barry A. Shier, exec. v.p., mktg. & hotel oper.	Golden Nugget, Inc., *casinos, hotels & restaurants*	175	(8)	(106)	**465,610**
Michael A. Smilow, exec. v.p., mktg & cust. svcs.	FannieMae, *mortgages*	837	507	35	**424,201**
James F. Bunker, exec. v.p., chief strat. officer/ sr. v.p., corp. mktg.	M/A-Com, Inc., *electronic components*	424	18	*	**400,000**
Robert E. Powell, v.p. mktg./v.p. sales, Inland Steel	Inland Steel Industries, *steel mfg.*	4,068	262	81	**377,500**
Stephen A. Schwartz, exec. v.p., mktg. & prod. dev.	Hasbro, *toys*	1,358	72	50	**373,050**
Duane H. Floyd, sr. v.p., direct sales	Inter Tel, *telephone equipment*	63	1.8	(22)	**370,377**
Robert G. Avis, exec. v.p./dir. sales & mktg. div.	A.G. Edwards, Inc., *securities, commod.*	504	36	(33)	**364,664**
William R. Fields, exec. v.p., merch. & sales	Wal-Mart Stores, Inc., *retail*	15,959	627	39	**350,000**
Harley L. Tennison, sr. v.p., mktg	Marion Laboratories, *pharmaceuticals*	752	150	55	**342,975**
Roger C. Beach, sr. v.p./pres., refining & mktg. div.	Unocal, *gasolines*	10,085	480	165	**330,988**
Earl B. Reed, sr. v.p., mktg.	Snap-on Tools Corp., *hardware*	855	113	28	**325,579**
Stephen J. Zelenick, sr. v.p./chief mktg. exec.	Advanced Micro Devices, Inc., *computer equipment*	1,126	19	*	**308,182**
C.V. Stinnett, sr. v.p., sales & mktg/ pres., Enterprise div.	Campbell Soup Company, *food products*	4,869	274	11	**307,514**
Wallace O. Laub, exec. v.p., mktg.	National Education Corp., *vocational training & publishing*	457	46	*	**298,120**
Ronald O. Cox, group v.p., mktg.	William Wrigley Jr. Co., *confections*	891	87	24	**289,620**
Randall Malin, v.p., mktg./exec. v.p. mktg., USAir	US Air Group, Inc., *airlines*	5,707	165	(15)	**286,223**
Gerald L. Peterson, sr. v.p./gen. mgr., sales & mktg.	Tandem Computers Inc., *computers*	1,315	94	(10)	**279,081**
Melvin J. Sallen, group v.p., sales	Analog Devices, Inc., *digital & data equipment*	439	52	102	**277,826**
G. Basil Davies, v.p., sales & mktg.	Copperweld, *metal materials*	294	21	110**	**277,796**
Robert W. Burdick, sr. v.p., mktg.	Yellow Freight System, Inc. of Delaware, *motor carrier*	2,016	69	67	**277,250**
Thomas R. Oliver, sr. v.p., sales & cust. svc.	Federal Express Corp., *air express*	3,883	188	386	**275,865**
Raymond Fortune, sr. v.p., sales planning	Data General, *computer systems*	1,365	(16)	*	**273,226**
Donald Wray, sr. v.p., sales & mktg.	Tyson Foods, Inc., *poultry and food products*	1,936	81	20	**271,960**
Gerard B. Chadwick, v.p., mktg.	Standard Register Co., *business forms*	675	38	(6)	**259,932**
William D. Herd, sr. v.p., N.A. sales	Bandag Corp., *rubber products*	491	70	12	**252,237**
W. Roger Curry, sr. v.p., mktg.	Consolidated Freightways, *transportation*	2,689	113	52	**242,148**
Jon C. Logue, exec. v.p., mktg.	Salem Carpet Mills, *carpets*	403	8	50	**241,272**
James E. Powers, exec. v.p., sales	Handleman Co., *phonographic records, tapes, books*	532	33	31	**240,000**
A. Paul Mueller, v.p., sales; dir.	Laclede Steel Company, *steel processing*	307	17	110	**239,026**
Dale R. Valva, sr. v.p., retail mktg.	Harken Energy Corp., *oil & gas*	747	6	88	**232,900**
Patrick W. Rooney, v.p., tire mktg.	Cooper Tire & Rubber Co., *rubber products*	748	41	34	**229,428**
Patrick H. Norton, sr. v.p., sales & mktg.; dir.	La-Z-Boy Chair Corp., *upholstered furniture*	487	26	7	**227,151**
Ronald R. Wambolt, sr. v.p., dir., worldwide sales	John Fluke Mfg., *electronic equipment*	225	12	519	**225,855**
Robert W. Reedy, *** v.p., mktg.	Recognition Equipment, *computer systems*	261	(16)	(214)	**224,042**
Richard E. Sayers, v.p., bus. mktg./pres., Rochester Tel Bus. Mktg. Co.	Rochester Telephone Corp., *telecommunications*	479	51	21	**217,760**
Theodore M. Solso, v.p. mktg. & gen. mgr.	Cummins Engine Co., Inc., *diesel engines*	3,310	(63)	(556)	**216,250**
Lorin M. Speik, sr. v.p., mktg.	Wallace Computer Svcs., *business forms*	583	32	22	**214,268**
Eugene H. Levering, sr. v.p., sales	Noxell Corp., *cosmetics, chili ingredients*	528	51	17	**211,794**
B.K. Jacob, sr. v.p., mktg.	Modine, *heat transfer equipment*	395	25	27	**210,200**
Larry A. Kushkin, v.p., auto sales	A. Schulman Inc., *plastic resins*	598	28	40	**209,500**
Peter M. Troup, sr. v.p., mktg.	Noxell Corp., *cosmetics, chili ingredients*	528	51	17	**205,972**
Cliff Blake, v.p. mktg.	CyCare Systems, *medical information & processing*	84	0.5	(87)	**203,000**
John J. Smith, v.p., sales & mktg.	Tultex Corp., *knit fabric & yarns*	339	21	(26)	**202,725**
Donald L. Parker, mktg. dev. & passenger svcs.	Pan Am, *airlines*	3,569	(73)	*	**195,000**
Robert T. Spittel, sr. v.p., sales & mktg.	Goody Products, *hair accessories, sunglasses, cosmetic bags*	218	5	(56)	**194,688**

NAME & TITLE	COMPANY/INDUSTRY	'88 SALES (MIL.)	'88 NET (MIL.)	% CHANGE (87-88) PROFIT	COMPENSATION
James D. Oberlender, corp. v.p., mktg.	Thomas & Betts, *electronic equipment*	515	59	21	**185,016**
John V. Bickford, pres., Westmorland Coal Sales Co.	Westmorland Coal, *bituminous coal*	593	62	(2)	**180,000**
R.L. deKozan, v.p., mktg.	Cubic Corp., *training systems, electronic equipment*	373	13	62	**177,664**
Edward H. Goodstone, exec. v.p., mktg.	USLife Corp., *life insurance & investment advisory*	1,279	71	(11)	**176,677**
Paul J. Trausch, sr. v.p., sales & mktg.	Duplex Products, *business forms*	298	10	(12)	**173,200**
Durwood W. French, sr. v.p./ dir. of mktg.	Galaxy Carpet Mills, *carpets*	273	1	(75)	**170,500**
Dean A. Frenz, v.p., sales	L.B. Foster Company, *oil & construction equipment*	262	11	(51)	**164,346**
Steven Brown, v.p., mktg.	Standard Motor Products, *automotive & air-conditioner parts*	398	9	(43)	**163,100**
G.T. Beckley, v.p., mktg.	Consolidated Papers, Inc., *papers & containers*	897	150	57	**162,282**
Kent W. Freudenberger, exec. v.p., mktg. div.	Airborne Freight, *air freight*	768	7	19	**159,943**
Thomas F. Reynolds, Jr., exec. v.p., sales & mktg.	Glenmore Distilleries, *distilled bev.*	144	0.2	(99)	**157,938**
David Sohm, v.p., mktg & bus. dev.	Ask Computer Systems, *computer software*	142	11	35	**149,632**
Robert L. Aitchison, v.p., mktg.	Alco Health Services, *pharmaceuticals*	2,058	20	12	**149,019**
Timothy D. Peterson, v.p., mktg. & int'l.	Kysor Industrial, *engine systems, air conditioning*	239	10	(17)	**147,055**
Donald W. Perkins, sr. v.p./sales & processing dir.	Cagle's, *poultry products*	132	(4)	(182)	**146,819**
Thomas C. Parise, sr. v.p., wholesale sales	Inter Tel, *telephone equipment*	63	2	(22)	**146,200**
Donald L. McDougall, v.p., sales & mktg. svc.	Floating Point Systems, *computers*	71	(28)	*	**145,903**
Carl S. Watts, v.p., sales & mktg., Tastykake, Inc.	Tasty Baking Company, *cakes, pies & graphic art supplies*	264	9	23	**145,000**
Maurice E. Jacques, v.p., sales & mktg.; dir.	Varco International, Inc., *oil tools*	69	2	*	**141,250**
Theodore W. Aikins, exec. v.p, sales & mktg.	Baldor Electric, *electric motors*	243	11	53	**139,609**
Gerald E. Barber, v.p., mktg.	Nash-Finch Co., *food & non-food products*	2,097	18	(2)	**137,726**
Harold R. Dombrowski, v.p., sales	Douglas & Lomason, *automotive equipment*	325	(4)	(164)	**136,834**
Willie P. Ozbirn, v.p., sales & mktg.	CTS Corp., *electronic components*	276	(4)	(134)	**135,976**
Robert W. Cardy, v.p., sales & mktg.	Carpenter Technology Corp., *specialty metals*	556	24	442	**135,416**
Alfred D. Veale,† v.p., dist. sales	A. Schulman, Inc., *plastic resins*	598	28	40	**130,000**
W. Anthony Huffman, v.p., mktg.	Huffy Corp., *bicycles, basketball equip., juvenile products*	336	5	(55)	**127,810**
Charles B. Harris, v.p., U.S. sales & mktg.	Diebold, Inc. *automated transaction systems & security equipment*	451	36	0.2	**126,612**
Samuel L. Greene, v.p., int'l. sales	Terminal Data, *computers & microfilm*	27	(2)	(1,083)	**126,519**
M.D. Tolbert, v.p./gen. mgr., Nat'l. West	National Sanitary Supply, *soaps, sanitary chemicals*	179	5	56	**124,779**
Paul A. Thompson, v.p., sales	WD-40, *lubricants*	80	16	41	**124,220**
Vincent S. Hughes, v.p., utility sales & dir.	Hughes Supply, Inc., *electrical equipment*	432	9	34	**124,116**
Norman D. Hoffman, v.p., int'l. div./v.p., petroleum mktg. systems	Tokheim Corp., *gasoline service station equipment*	203	11	(2)	**123,893**
James R. Eaton, sr. v.p., mktg.	Carolina Freight Co., *trucking*	650	10	16	**123,250**
Michael J. McKenna, sr. v.p., sales	Crown Cork & Seal Co., *cans, metal machinery*	1,834	93	6	**122,231**
Bryan A. Hayes, v.p., sales & mktg.	Winnebago Industries, *motor homes, vans*	«25	(0.4)	*	**121,779**
Carl Watson, pres. & COO/exec. v.p., mktg. & dir.	Noland Company, *plumbing, heating*	461	5	(22)	**120,377**
James F. Crowe, sr. v.p., mktg.	United Illuminating, *electricity*	519	79	809	**119,500**
Wilton L. Parr, sr. v.p., mktg.	Piedmont Natural Gas, *energy*	399	22	16	**118,461**
Keith M. Wright, v.p., mktg.	Bohemia, Inc., *construction materials*	223	(12)	(226)	**117,671**
Glenn B. Rogers, sr. v.p., gas supply & mktg.	United Cities Gas Company, *natural gas & propane*	169	7	27	**117,172**
John T. Theriault, v.p., sales & mktg.	Ingredient Technology,†† *chemicals, electronic controls, food & pharmaceuticals*	290	199	31	**115,100**
Robert M. Hill, v.p., mktg.	Tacoma Boatbuilding Company, *marine vessels*	36	0.4	2,082	**113,692**
Roger D. Quam, v.p., mktg. & Northfield West	Sheldahl, Inc., *electronic components*	84	1	51	**110,608**
Al Burshtan, exec. v.p., mktg.	Super Food Services, *groceries*	1,573	15	22	**109,230**
Thomas J. Schnelberg, v.p., sales	Sheldahl, Inc., *electronic components*	84	1	51	**107,461**

Research by Bristol Voss, Melissa Campanelli, and Barbara Guthrie.

* Loss shown in 1987.
** Reflects sales of assets due to restructuring.
*** Indicted on charges of conspiracy to defraud government.
† Retired
†† Company merged to become Crompton & Knowles.

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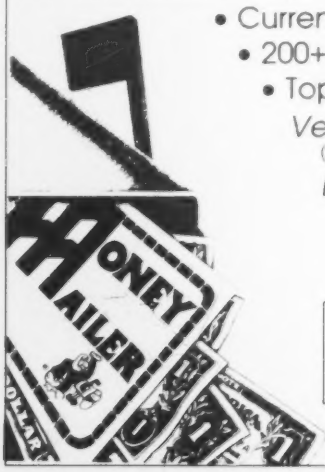

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for instance, has 34% of his pay leveraged; a CFO, 28%; and a top manufacturing executive, 27%. One of the reasons for this disparity is that total compensation for these executives far outdistances the total for those in sales and marketing.

Given the reasons for caution already discussed, it's likely we'll see a further growth of the at risk portion of sales executives' pay over the next few years, bringing it close to the 25% level if not beyond, at least for executives bearing top sales and top sales and marketing titles. Variable pay for the top marketing executive has a lot more ground to cover, however, and is more likely to top off at around 20%.

What can sales and marketing executives expect next year? "Market value will continue to be a factor in compensation growth for sales and marketing executives," Blessington says, "and should be a positive influence next year. We are predicting some surprises, however: Companies that have big debt problems will hold compensation down in order to service the debt or to hold the line while the company is being sold."

As a result, "For next year we're predicting increases in total compensation for sales and marketing executives of below 10%—but not far below—about 9.7%," Blessington says. "In fact, we expect to see more of a 'corrugated' economy over the next few years, with compensation rates waffling up and down more predictably each year around 10%—from 10.9% this year, to 9.7% next year, and back up to maybe 10.5% in the year following." □

This year's survey of compensation levels for sales and marketing executives was prepared for Sales & Marketing Management *by Sibson & Co., compensation consultants based in Princeton, N.J., and was drawn from Sibson's annual survey of executive compensation, conducted in June and July 1989.*

Survey Datafact

DOWN-EAST MOVING UP

Only six states located east of the Mississippi and north of the Sunbelt are projected to record gains in their Buying Power Index (BPI) over the next five years. Of these six, three are smack in the heart of New England—New Hampshire, Maine, and Vermont.

SOURCE: SMRM'S 1989 SURVEY OF BUYING POWER-PART II.

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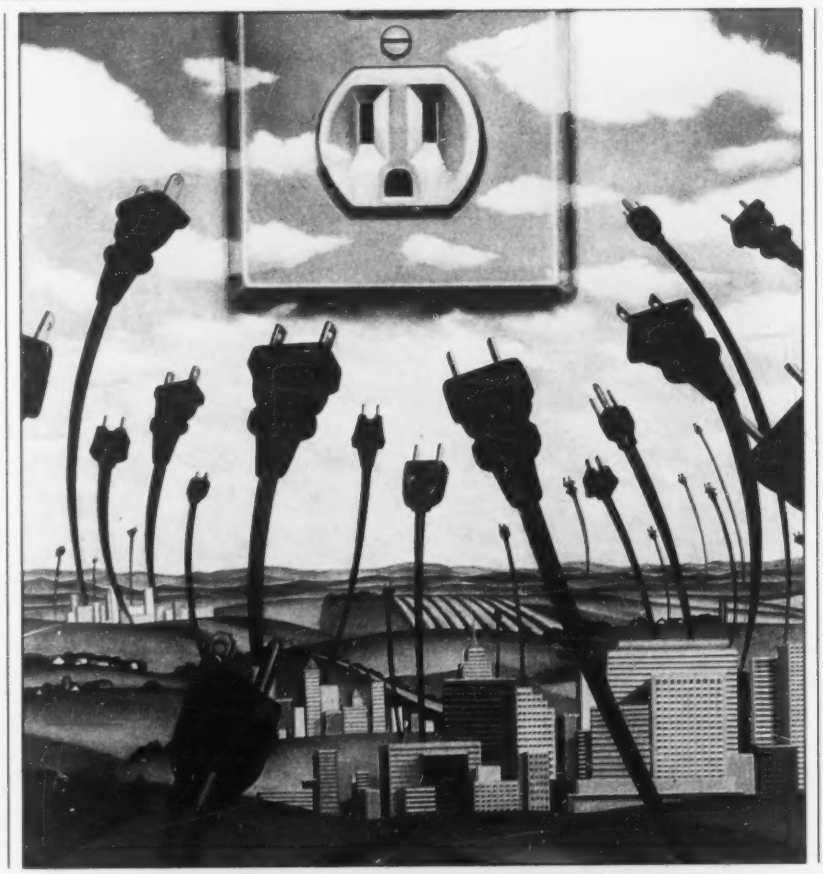

IMAGE BANK/DANIEL KIRK

THE NATION'S TOP 100 MARKETS

A second generation of Sunbelt markets enters metro-area maturity.

According to a number of population pundits, it was only a matter of time before the 20-year cycle of growth in major Sunbelt metros reached the saturation point, leaving the door open for other markets—possibly those in the North and East—to step in and take up some of the statistical slack. As it turns out, they were only half right.

While data from S&MM's survey issues clearly show that growth in certain southern and western metros has slowed in recent years, it is not the northern markets that are reaping the resultant rewards. Instead, a second generation of Sunbelt metros—places like San Diego, Phoenix, Riverside-San Bernardino, Orlando, Fort Worth-Arlington, and Sacramento—are now on the verge of becoming tomorrow's hottest growth markets, eclipsing gains posted by long-time stalwarts like Los Angeles, Houston, and Atlanta.

These are just some of the insights to be gained from this year's profile of the nation's top 100 metro markets, which includes selected data from S&MM's *Survey of Buying Power*, *Survey of Buying Power-Part II*, and *Survey of Selling Costs*. A look at current and projected figures for three key demographic and socioeconomic characteristics reveals that these 100 markets account for roughly two-thirds of the nation's population, income, and retail sales, a fact that's all the more impressive when you consider that this list comprises less than one-third of the nation's 319 metropolitan areas.

When S&MM began publishing market data back in 1928, there was no such thing as a metropolitan area, and in 1946, when the Census Bureau debuted its fledgling system of "Metropolitan County Areas," there were only 138 such markets nationwide. With the "urbanization" of America during the postwar years, however, the number of metros expanded rapidly.

Although this is just a small sample of the myriad data S&MM compiles each year for all the nation's 319 metro areas, 3,138 counties, and more than 800 major cities, these profiles provide a quick snapshot of how the largest 100 markets stack up in terms of size, costs, earnings, and expenditures, allowing marketers to uncover the "movers and shakers" in the realm of metro-area buying power. ▶

Rank	Metro Market	POPULATION Total 1988	Total 1993	% Change 1988-93	Black (1988)	Hispanic (1988)	INCOME Average Household EBI 1988	1993	RETAIL SALES Total Retail Sales ($000) 1988	1993	% Change 1988-93	BUYING POWER INDEX BPI (U.S. = 100.0000) 1988	1993	PER-DIEM Week & Lodging	Index
1.	Los Angeles-Long Beach	8,704.7	9,441.1	8.5%	1,126.7	2,974.1	$40,961	$56,607	$59,291,182	$89,723,055	51.3%	3.9019	3.9113	$159.40	126
2.	New York	8,576.9	8,765.1	2.2	2,244.1	1,780.0	34,954	47,775	52,563,406	77,503,801	47.4	3.6279	3.4850	251.90	200
3.	Chicago	6,203.1	6,253.6	0.8	1,468.3	674.7	37,844	53,650	42,741,467	63,703,215	49.0	2.7058	2.6375	162.16	129
4.	Philadelphia	4,909.7	5,013.3	2.1	956.3	136.0	37,692	53,112	35,844,743	53,748,046	49.9	2.1747	2.1332	154.03	122
5.	Detroit	4,396.4	4,386.0	-0.2	921.7	82.2	34,932	50,256	30,775,120	45,566,125	48.1	1.8451	1.7938	129.34	103
6.	Washington, DC	3,729.8	4,008.5	7.5	995.1	122.1	48,038	67,178	31,471,548	49,261,513	56.5	1.9756	2.0220	202.95	161
7.	Boston-Lawrence-Salem-Lowell-Brockton	3,725.5	3,766.1	1.1	206.5	103.6	44,446	61,981	32,195,958	47,640,261	48.0	1.9099	1.8453	175.62	139
8.	Houston	3,197.1	3,422.5	7.1	630.2	601.1	33,705	48,016	23,194,911	33,137,581	42.9	1.3299	1.3324	140.61	112
9.	Atlanta	2,766.4	3,086.5	11.6	653.4	33.7	36,639	51,218	22,255,492	35,320,873	58.7	1.2487	1.3199	153.14	121
10.	Nassau-Suffolk, NY	2,669.2	2,711.0	1.6	190.7	125.4	52,748	72,038	24,431,910	35,878,452	46.9	1.4180	1.3551	167.30	133
11.	St. Louis	2,482.1	2,534.7	2.1	431.1	26.1	35,186	49,845	17,027,328	25,126,516	47.6	1.0363	1.0127	123.89	98
12.	Dallas	2,476.2	2,757.4	11.4	411.4	283.1	35,769	50,979	18,838,067	28,578,340	51.7	1.0901	1.1452	139.71	111
13.	San Diego	2,382.0	2,690.1	12.9	138.9	425.7	41,672	57,584	16,135,201	26,106,721	61.8	1.0776	1.1389	145.94	116
14.	Minneapolis-St. Paul	2,377.2	2,587.7	5.5	60.0	26.0	38,787	55,610	19,092,209	29,558,800	54.8	1.1151	1.1410	116.05	92
15.	Baltimore	2,367.4	2,456.9	3.8	606.8	24.5	36,013	49,669	15,959,646	23,654,663	48.2	.9923	.9695	142.51	113
16.	Riverside-San Bernardino	2,287.7	2,672.2	16.8	121.9	497.7	36,156	49,962	12,887,017	20,448,795	59.7	.9007	.9758	153.57	122
17.	Anaheim-Santa Ana	2,273.7	2,477.1	8.9	30.3	434.2	47,061	65,035	17,860,987	27,704,551	55.1	1.1313	1.1473	133.80	106
18.	Pittsburgh	2,109.1	2,060.0	-2.3	175.3	12.0	30,697	43,087	13,247,975	18,321,198	38.3	.8291	.7682	126.44	100
19.	Phoenix	2,057.6	2,385.3	15.9	65.5	305.3	32,545	44,952	15,473,301	25,764,189	66.5	.8796	.9651	142.05	113
20.	Tampa-St. Petersburg-Clearwater	2,033.1	2,270.0	11.7	200.0	116.4	29,615	41,628	14,783,567	23,935,455	61.9	.8523	.9084	125.56	100
21.	Oakland	2,009.1	2,145.9	6.8	315.7	258.8	44,219	61,180	14,699,893	22,601,213	53.8	.9928	.9963	138.17	110
22.	Newark	1,902.7	1,917.7	0.8	447.0	156.4	46,609	65,449	13,135,365	19,202,856	46.2	.9224	.8882	141.56	112
23.	Cleveland	1,853.9	1,824.6	-1.6	360.7	27.1	32,274	46,282	12,990,892	18,791,800	44.7	.7683	.7339	117.61	93
24.	Miami-Hialeah	1,850.4	1,987.0	7.4	381.3	803.9	32,157	45,277	16,170,088	25,224,419	56.0	.8181	.8377	137.94	109
25.	Seattle	1,842.5	1,975.3	7.2	70.6	38.9	40,221	56,845	14,380,428	22,299,521	55.1	.9033	.9287	122.59	97
26.	Denver	1,684.5	1,823.4	8.2	89.9	187.9	33,898	49,337	11,641,766	17,865,768	46.6	.7206	.7419	144.57	115
27.	San Francisco	1,605.5	1,673.3	4.2	134.4	215.2	46,218	63,809	15,811,806	23,633,661	49.5	.9286	.9058	189.79	151
28.	Kansas City, MO-KS	1,567.6	1,637.8	4.5	197.3	39.3	35,265	50,093	11,420,454	17,192,220	50.5	.6798	.6805	118.73	94
29.	Cincinnati	1,442.7	1,460.5	1.2	184.3	8.7	32,910	47,467	9,968,101	15,054,835	51.0	.5925	.5868	121.86	97
30.	San Jose	1,437.4	1,518.0	5.6	50.7	299.1	51,455	71,105	11,385,889	17,087,965	50.1	.7518	.7374	137.30	109
31.	Milwaukee	1,401.3	1,396.3	-0.4	165.3	37.5	34,636	50,081	9,863,013	14,539,190	47.4	.5977	.5808	101.96	81
32.	Sacramento	1,398.2	1,568.2	12.2	84.3	159.2	37,407	51,706	9,525,096	15,104,910	58.6	.6190	.6497	109.58	87
33.	Norfolk-Virginia Beach-Newport News, VA	1,372.3	1,476.9	7.6	392.3	24.2	34,700	48,917	9,184,171	14,318,969	55.9	.5455	.5620	102.29	81
34.	Columbus, OH	1,334.9	1,379.0	3.3	155.4	9.5	30,834	44,169	9,234,114	14,035,187	52.0	.5371	.5392	118.79	94
35.	New Orleans	1,324.4	1,348.8	1.8	443.7	53.6	26,730	39,924	8,983,276	13,352,455	48.6	.4850	.4859	139.58	111
36.	San Antonio	1,298.2	1,424.2	9.7	96.0	667.0	29,279	41,681	7,467,182	10,995,380	47.2	.4529	.4674	134.01	106
37.	Bergen-Passaic, NJ	1,295.7	1,299.8	0.3	101.8	115.6	50,568	70,691	12,316,648	18,069,022	46.7	.7297	.6995	N.A.	N.A.
38.	Fort Worth-Arlington	1,277.8	1,458.5	14.1	141.4	117.1	33,495	47,667	8,874,670	13,574,495	53.0	.5248	.5616	115.48	92
39.	Indianapolis	1,243.4	1,278.6	2.8	182.2	10.1	32,434	47,196	9,051,225	13,780,866	52.3	.5128	.5168	108.54	86
40.	Fort Lauderdale-Hollywood-Pompano Beach	1,214.3	1,330.6	9.6	154.7	54.6	35,575	50,088	11,186,879	17,958,525	60.5	.6085	.6397	154.42	122
41.	Portland, OR	1,179.3	1,212.9	2.8	34.9	28.1	33,096	50,041	8,944,810	13,857,028	54.9	.5123	.5280	102.27	81
42.	Hartford-New Britain-Middletown-Bristol	1,117.4	1,153.1	3.2	84.9	52.8	42,970	60,302	9,342,838	14,122,902	51.2	.5538	.5478	153.43	122
43.	Charlotte-Gastonia-Rock Hill, NC-SC	1,113.1	1,193.1	7.2	239.3	9.7	31,722	45,203	8,136,005	12,953,805	59.2	.4567	.4762	148.55	111
44.	Salt Lake City-Ogden	1,068.5	1,143.2	7.0	9.2	55.8	30,093	44,840	6,415,645	10,116,187	57.7	.3738	.3931	106.08	84
45.	Rochester, NY	993.3	1,002.1	0.9	90.3	22.7	36,263	49,545	6,705,230	9,693,439	44.6	.4215	.3990	118.25	94
46.	Orlando	989.7	1,151.3	16.3	130.3	40.7	32,809	46,173	8,130,784	13,717,100	68.7	.4316	.4805	136.80	109
47.	Monmouth-Ocean, NJ	987.0	1,068.0	8.2	66.4	30.5	44,977	62,891	7,548,537	11,954,112	58.4	.4939	.5111	N.A.	N.A.
48.	Nashville	985.0	1,063.9	8.0	162.4	7.9	33,040	48,314	6,288,127	9,644,396	53.4	.3959	.4146	123.31	98
49.	Oklahoma City	983.8	1,045.8	6.3	91.3	24.0	26,669	38,623	7,377,849	10,520,117	42.6	.3788	.3782	100.72	80
50.	Memphis	981.2	1,015.3	3.5	409.6	10.2	29,157	42,587	6,849,134	10,614,466	55.0	.3742	.3814	95.87	76
51.	Middlesex-Somerset-Hunterdon, NJ	978.6	1,034.7	5.7	55.1	52.7	51,514	72,197	8,093,664	12,549,254	55.1	.5202	.5273	N.A.	N.A.
52.	Louisville	968.3	966.5	-0.2	128.7	6.2	30,273	45,020	7,105,104	10,615,641	49.4	.3873	.3840	94.75	75
53.	Buffalo	966.1	942.2	-2.5	111.6	15.8	31,339	42,836	6,110,235	8,615,269	41.0	.3739	.3435	118.68	94
54.	Dayton-Springfield, OH	940.0	933.2	-0.7	126.9	7.0	31,444	45,034	5,975,710	8,626,874	44.4	.3728	.3578	113.67	90
55.	Birmingham	934.9	958.9	2.6	268.7	6.4	27,025	38,936	5,266,623	7,754,058	47.2	.3295	.3259	94.77	75
56.	Greensboro-Winston-Salem-High Point, NC	932.7	976.7	4.7	190.5	6.9	31,388	44,497	6,723,213	10,390,568	54.5	.3828	.3886	112.15	89
57.	Jacksonville, FL	918.0	1,021.3	11.3	294.3	18.9	31,780	44,750	5,981,874	9,233,654	54.4	.3644	.3826	106.72	85

Rank	Metro Market	POPULATION Total 1988	Total 1993	% Change 1988-93	Black (1988)	Hispanic (1988)	INCOME Average Household EBI 1988	1993	RETAIL SALES Total Retail Sales ($000) 1988	1993	% Change 1988-93	BUYING POWER INDEX BPI (U.S. = 100.0000) 1988	1993	PER-DIEM Meals & Lodging	Index
58.	Providence-Pawtucket-Woonsocket, RI	908.7	933.0	2.7	30.0	21.7	34,766	49,843	6,377,299	9,660,119	51.5	.3805	.3781	122.57	97
59.	Albany-Schenectady-Troy	857.7	870.2	1.5	34.9	10.4	34,434	47,086	6,254,323	9,129,441	46.0	.3664	.3498	116.33	92
60.	Honolulu	844.3	881.8	4.4	18.4	60.8	42,864	60,618	5,803,985	8,743,454	50.6	.3617	.3630	N.A.	N.A.
61.	Richmond-Petersburg, VA	843.4	893.0	5.9	246.5	8.1	36,708	51,879	6,546,647	10,141,386	54.9	.3724	.3780	140.74	112
62.	West Palm Beach-Boca Raton-Delray Beach	835.8	972.7	16.4	118.8	47.5	37,870	53,317	7,380,468	12,599,356	70.7	.4259	.4758	147.93	117
63.	Bridgeport-Stamford-Norwalk-Danbury, CT	830.9	843.2	1.5	74.8	52.7	56,076	78,675	8,315,406	12,349,490	48.5	.4938	.4795	157.02	125
64.	New Haven-Waterbury-Meriden, CT	793.6	810.3	2.1	76.9	31.7	41,677	58,470	6,160,142	9,221,740	49.7	.3779	.3698	113.14	90
65.	Tulsa, OK	747.4	793.1	6.1	57.9	12.0	26,264	37,992	4,429,594	6,159,067	39.0	.2653	.2636	103.42	82
66.	Austin	746.1	867.3	16.2	72.8	157.8	31,525	44,863	4,893,532	7,528,567	53.8	.2972	.3239	123.52	98
67.	Scranton-Wilkes-Barre, PA	736.4	738.7	0.3	5.1	3.5	28,134	39,525	4,655,419	6,763,180	45.3	.2749	.2634	N.A.	N.A.
68.	Raleigh-Durham, NC	688.0	762.4	10.8	190.6	6.3	34,902	49,680	4,795,120	7,782,046	62.3	.2948	.3170	104.11	83
69.	Worcester-Fitchburg-Leominster, MA	677.6	696.3	2.8	10.8	16.2	38,497	53,720	4,451,060	6,705,253	50.6	.2934	.2883	131.63	104
70.	Allentown-Bethlehem, PA	674.3	694.9	3.1	11.3	18.4	33,734	47,342	4,620,814	6,871,497	48.7	.2822	.2778	110.25	87
71.	Grand Rapids, MI	665.7	697.5	4.8	40.0	17.8	34,367	49,315	4,700,521	7,260,616	54.5	.2758	.2811	112.55	89
72.	Syracuse, NY	651.4	652.8	0.2	34.5	6.6	33,946	46,411	4,305,309	6,211,933	44.3	.2626	.2476	110.06	87
73.	Tucson	650.0	717.1	10.3	17.7	154.6	26,940	37,207	4,272,629	6,841,967	60.1	.2446	.2564	119.91	95
74.	Akron	649.5	638.3	-1.7	62.5	3.7	30,618	43,871	4,035,493	5,741,461	42.3	.2495	.2367	106.01	84
75.	Oxnard-Ventura, CA	645.1	710.3	10.1	12.8	166.7	46,533	64,305	3,864,453	5,943,837	53.8	.2848	.2911	123.77	98
76.	Las Vegas	642.0	745.0	16.0	70.8	51.7	31,781	45,974	4,784,603	7,551,552	57.8	.2751	.3032	101.02	80
77.	Greenville-Spartanburg, SC	625.4	654.5	4.7	114.5	5.2	27,274	39,179	4,144,892	6,428,500	55.1	.2319	.2365	111.53	88
78.	Gary-Hammond	624.3	615.3	-1.4	135.5	47.8	29,931	43,540	4,007,967	5,872,605	46.5	.2302	.2223	N.A.	N.A.
79.	Omaha	622.8	638.7	2.6	49.8	13.8	35,758	51,492	4,402,049	6,587,801	49.7	.2664	.2639	86.09	68
80.	Toledo	615.6	612.4	-0.5	69.9	17.9	31,175	44,674	4,768,305	7,016,535	47.1	.2560	.2475	105.04	83
81.	Fresno, CA	613.7	669.2	9.0	35.8	212.6	35,174	48,607	3,524,233	5,131,924	45.6	.2400	.2416	101.10	80
82.	Knoxville, TN	605.7	625.8	3.3	38.7	4.4	28,176	41,067	4,684,502	7,222,920	54.2	.2436	.2483	103.48	82
83.	Springfield, MA	590.9	596.6	1.0	36.1	27.4	34,910	48,720	4,467,247	6,595,103	47.6	.2541	.2454	116.69	93
84.	Harrisburg-Lebanon-Carlisle, PA	588.4	604.8	2.8	38.4	7.2	34,026	47,757	4,850,710	7,305,155	50.6	.2627	.2594	N.A.	N.A.
85.	El Paso	579.7	633.9	9.3	24.0	403.8	26,336	37,486	2,687,880	3,873,327	44.1	.1708	.1744	123.31	98
86.	Wilmington, DE	564.7	586.7	3.9	87.0	10.8	38,447	54,172	4,121,303	6,228,872	51.1	.2489	.2481	134.53	107
87.	Tacoma, WA	555.9	593.1	6.7	34.6	15.7	27,944	39,522	3,392,124	5,346,113	57.6	.2028	.2091	N.A.	N.A.
88.	Jersey City, NJ	546.5	540.2	-1.2	78.2	171.3	31,836	44,590	3,144,366	4,553,403	44.8	.2122	.2007	N.A.	N.A.
89.	Baton Rouge	543.2	563.2	3.7	157.9	9.5	28,134	41,753	3,406,026	4,994,231	46.6	.1924	.1942	N.A.	N.A.
90.	Little Rock-North Little Rock	521.8	545.2	4.5	103.4	4.7	30,766	44,301	3,477,962	5,248,299	50.9	.2021	.2039	94.22	75
91.	Bakersfield, CA	519.4	585.4	12.7	27.3	135.0	34,825	48,125	3,052,181	4,583,500	50.2	.2020	.2094	N.A.	N.A.
92.	Charleston, SC	513.6	552.5	7.6	164.6	8.3	27,801	39,799	3,053,705	4,678,234	53.2	.1774	.1831	107.68	85
93.	Youngstown-Warren, OH	508.4	495.8	-2.5	57.7	7.0	29,417	42,126	2,990,073	4,189,007	40.1	.1875	.1760	N.A.	N.A.
94.	New Bedford-Fall River-Attleboro, MA	500.3	516.3	3.2	8.9	12.0	33,151	46,265	4,050,153	6,122,788	51.2	.2147	.2121	N.A.	N.A.
95.	Lake County, IL	498.3	528.9	6.1	35.2	28.6	47,856	67,650	3,768,744	5,907,635	57.1	.2394	.2460	N.A.	N.A.
96.	Albuquerque	497.0	540.6	8.8	11.9	202.2	27,599	39,067	3,551,958	5,560,935	56.6	.1914	.1992	107.38	85
97.	Mobile, AL	488.1	509.8	4.4	150.8	5.3	27,432	39,512	3,013,912	4,705,244	56.1	.1753	.1785	N.A.	N.A.
98.	Stockton, CA	467.2	540.6	15.7	24.6	107.3	33,548	46,356	2,537,682	4,009,021	58.0	.1718	.1819	N.A.	N.A.
99.	Columbia, SC	465.8	498.3	7.0	134.6	6.4	32,602	46,758	2,896,195	4,533,429	56.5	.1817	.1882	104.11	83
100.	Johnson City-Kingsport-Bristol, TN-VA	451.4	459.1	1.7	10.0	2.4	27,034	39,159	2,592,333	3,885,268	49.9	.1593	.1575	N.A.	N.A.

Notes: A notation of N.A. means that data for this metro were not available.
All **Population** figures are shown in thousands. **Income** data show average household Effective Buying Income. EBI is roughly equivalent to disposable or after-tax income, although Sales & Marketing Management uses the term EBI to distinguish its income figures from those produced by the federal government or other sources. **Retail Sales** figures are listed in thousands ($000), with projections shown in current dollars. The **Buying Power Index**, or **BPI**, is produced through a formula that combines metro-to-national ratios of population, EBI, and retail sales, weighting them according to their relative importance. The resulting BPI figure indicates the share of total U.S. buying power accounted for by a given market. The **Per-Diem Meals & Lodging** figure combines the average cost of three meals and a single night's lodging, providing a basic indicator of daily field operating expenses in each market. The **Per-Diem Index** indicates where a metro's combined daily meal and lodging costs stand in relation to the U.S. average of $125.28 (or 100 on the Per-Diem Index scale). For example, a market with a PDI of 123 has meal and lodging costs that are roughly 23% higher than the U.S. average.
SOURCE: Sales & Marketing Management; 1989 Survey of Selling Costs, 1989 Survey of Buying Power, and 1989 Survey of Buying Power-Part II.

PCs MAKE INROADS, YET HOLDOUTS PERSIST

BY THAYER C. TAYLOR,
SENIOR EDITOR

The personal computer (PC) is winning the fight against rising selling costs hands down. Marketers who have outfitted their sales forces with PCs claim a 20% gain in productivity for 1988, according to *Sales & Marketing Management*'s third annual survey of PC usage. This dwarfs the 4% upcreep in the cost per sales call reported by S&MM's *1989 Survey of Selling Costs*. Other key findings, based on usable responses from 279 companies with an aggregate of more than 13,000 salespeople:

- Marketers are shifting from desktops to laptops as the vehicle for sales force automation (SFA).
- Productivity gains were sparked mostly by better management of salespeople's activities, improved customer relations, and faster follow-up.
- Costs, the learning curve, and the impact on selling time are among marketers' chief concerns.
- Marketers holding off from SFA cite lack of knowledge and management attitude among the prime roadblocks.

Convinced that portability is a necessity for computerizing the sales effort, marketers are increasingly switching from desktops to laptops. Of those companies using PCs in sales, the proportion with laptops doubled in 1987-88 to 18.8%, while the desktop ratio tumbled from 73% to 61%.

The laptop upsurge hit sales forces of all sizes. The ratio almost tripled among small companies (under 10 salespeople), spurted slightly among medium-sized companies (10-99 salespeople), and doubled among large companies (more than 100).

And the trend will accelerate this year. Survey respondents indicate that for the first time they'll buy more portables than desktops, a remarkable fact considering that portables lag in price/performance when compared to desktops.

Roughly three out of four PC users report an improvement in salesperson productivity. Smaller firms did even better, with almost four out of five experiencing such gains. According to marketers, the prime reason is that the PC enables salepeople to manage their territories more efficiently. That means "less wasted time," says one sales manager, "more time for research and preparing proposals," a regional manger notes, and "better control of details," a marketing director adds.

Improved self-management puts customer relations on a firmer footing and is cited by respondents as the second biggest contributor to productivity. The PC provides "faster response to inquiries," notes a sales vice president, while a marketing manager cites "improved customer contact" and a Midwest regional manager says it affords "better handling of large accounts."

PC-generated information also helps solidify customer ties. "Instant availability of information creates more opportunities," says a vice president, while a headquarters sales manager feels "access to, and use of, more in-depth data means more knowledge of the customer's business and improved ability to answer customer questions."

More efficient follow-up was the third PC benefit mentioned most frequently. "We now follow up with the appropriate method," says a national sales director, "be it letter, charts, or graphs." "Focusing follow-up activities on the right prospects" is a benefit for another marketer, while one company president points to "more timeliness and accuracy in follow-up."

Even so, for all its productivity help, the PC produces thorns as well as roses for marketers. Despite vendor in-

(TABLE 1)

Striking 20% Upbeat in Productivity

	PRODUCTIVITY GAINS			
SALES FORCE SIZE	YES	NO	UNKNOWN	MEDIAN
SMALL (UNDER 10)	78.8%	8.5%	12.7%	20%
MEDIUM (10-99)	68.1	20.7	11.2	20
LARGE (100 OR MORE)	72.7	18.2	9.1	15
TOTAL	73.4%	14.8%	11.7%	20%

(TABLE 2)

PC Applications Strengthen Customer Ties

		SALES FORCE SIZE		
	ALL COMPANIES	UNDER 10	10-99	100 OR MORE
Word processing, customer correspondence	74%	79%	66%	86%
Customer/prospect profiles	66	70	62	68
Bid/quote proposals	50	52	50	45
Lead tracking	46	53	41	32
Call reports	45	49	40	50
Sales forecasts	42	48	40	27
Sales analysis	40	39	40	45
Time/territory management	37	40	30	55
Sales presentations	37	37	35	45
Calendar scheduling	36	42	29	41
Electronic mail	35	33	34	50
Call planning	28	32	21	45
Order entry	25	23	26	27
Checking inventory/shipping status	22	20	20	45
T&E reports	15	16	13	18
Other	6	6	6	9

NOTE: Details may not add to 100% due to rounding.
SOURCE: *Sales & Marketing Management*'s Third Annual Survey on PC Usage.

(TABLE 3)

Portables Gain at Expense of Desktops . . .

	% READY ACCESS TO PCs	
	ALL COMPANIES	UP/DOWN
Desktop	60.7%	70.8
Laptop	18.8	18.8
Desktop & laptop	17.2	12.2
Hand-held terminal	3.2	0.7

. . . and Dominate 1989 Buying Plans

	COMPANIES WITH PCs	
YES	NO	UNKNOWN
57.7%	38.1%	4.1%

	COMPANIES WITH PCs
Desktop	71%
Laptop	2.1
Both	27.8

NOTE: Details may not add to 100% due to rounding.
SOURCE: Sales & Marketing Management's Third Annual Survey of Sales Force Automation

sistence that hardware and software are becoming more user-friendly, marketers cite training salespeople to get the maximum benefits from their new tool and the length of the learning curve as the two biggest problems associated with SFA. A Southeast regional manager laments "the amount and form of training needed to attain computer literacy," while a vice president complains of "the time it takes to learn DOS [disk-operating systems] software and the individual application programs."

Although the sizable productivity gains suggest more effective selling, marketers who have made the move to SFA still worry about the PC's impact on selling activities. As one marketing vice president puts it: "Some reps become computer addicts, always playing with the machine, and don't make enough calls as a result." A sales and marketing director is concerned that "overreliance may make salespeople perceive the PC as a substitute for selling," and a sales manager insists he has already noticed his people spend "more time with the machine, less time making phone calls."

One sales vice president warns against expecting too much too soon: "We used to see it as the answer to in-

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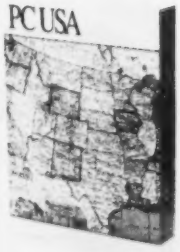

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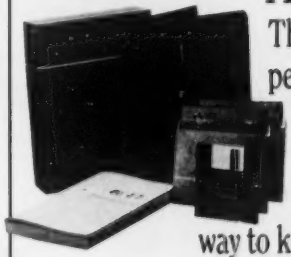

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creasing sales in the short term. We're now switching the emphasis from 'how to apply information' to 'how to use the tool.' Until you do that, the PC won't be a value-added for selling. It's an awfully large investment with returns that are basically long term."

Interestingly, marketers who have held off from introducing PCs in sales have their own concerns. Despite the fact that intense market competition and technological improvements are steadily driving PC prices down, cost and budgetary restraints are the biggest roadblocks to computerization, the holdouts insist.

Such financial barriers aren't limited to small companies. In fact, almost half the non-PC users in this survey are medium-sized or large companies.

Many marketers are stymied by a knowledge gap, the second most frequently cited hurdle to adopting SFA. "Is the PC really effective?" questions a regional sales manager. "How will it improve my sales?"

"We simply don't know enough about available products," admits a national sales manager, "how to use them and their user benefits." A company president agrees: "We just don't know anything about the software."

Top management indifference is the third most-cited roadblock to PC implementation. Typical is this general sales manager's problem: "Management won't buy PCs now because it doesn't see a need. Hell, they won't even let me get one. But we'll have them eventually." A regional sales manager fingers "apathetic management that zealously guards computer information for itself."

Skepticism about the PC's role in sales persists, too. "It just turns salespeople into order entry clerks," scoffs a general manager. "We'd rather have the office staff do the computer work." A vice president concurs: "We find it easier to track information manually." And, of course, there's the cliché, as stated by an operations director: "Salespeople are paid to sell, not manage information." Some people just never learn.

ON THE ROAD TO MORE AFFORDABLE PRESENTATIONS

Computer-generated graphics have reduced by tenfold the cost of creating slides and transparencies for use in business presentations, according to *Business Graphics Slide Equipment and Services Market,* a new study by Frost & Sullivan, a New York City research firm. The implications for sales personnel are far reaching; the study cites marketing/sales applications as the second biggest segment (20%) of the slide-making market, which is expected to almost double by 1993. Executive/client presentations, with a 36% share, make up the biggest applications sector.

By bringing the function in-house, such programs have slashed the cost of slide-making from $50-$100 per slide to as little as $10 each, says the report, enabling smaller firms to improve their presentations with high-quality slides. □

Survey Datafact

YOUTH IN UTAH

Of the 25 TV Markets with the largest numbers of kids aged 2 to 11, only the Salt Lake City ADI has a 2-11 segment that comprises more than 20% of the total population.

SOURCE: S&MM'S 1989 SURVEY OF BUYING POWER-PART II.

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